

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA 90640**

Wednesday, December 19, 2012

8:15 a.m.

AUDIO LINK FOR THE ENTIRE MEETING. (13-0224)

Attachments: [Audio](#)

I. CALL TO ORDER

Chair Richard Bruckner called the meeting to order at 8:19 a.m.

II. ROLL CALL

Ivonne Umana, Oversight Board Staff, called the roll.

Present: Board Members Edgar Cisneros (arrived at 8:30 a.m.),
Yolanda Duarte, Cheryl A. Plotkin, Vice Chair Ernesto Hidalgo
and Chair Richard Bruckner

Absent: Board Member Dolores Gonzalez-Hayes

Vacancies: Community College Appointee

III. CLOSED SESSION

1. Oversight Board Counsel shall provide a briefing on the items listed for Closed Session as follows:

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Subdivision (a), of Government Code Section 54956.9)

Sevacherian, et al. v. Community Redevelopment Agency of the City of
Montebello, Los Angeles County Superior Court Case No. BC437787) (12-2793)

**By Common Consent, there being no objection (Board Members Cisneros
and Gonzalez-Hayes being absent and Community College Appointee being
vacant), the Oversight Board entered into Closed Session at 8:20 a.m.**

Closed Session adjourned and Open Session reconvened at 9:12 a.m. with the following Board Members were present: Edgar Cisneros, Yolanda Duarte, Cheryl A. Plotkin, ViceChair Ernesto Hidalgo, and Chair Richard Bruckner.

Chair Bruckner reported that there was no reportable action taken.

IV. STAFF COMMUNICATIONS

This time is set aside for Successor Agency staff to update the Board on important items initiated by staff or previously requested by the Oversight Board.

Michael Huntley, Director of Planning and Community Development, gave a verbal report of correspondence received by the Successor Agency from the Department of Finance (DOF).

Mr. Huntley referenced a letter received on December 15, 2012, concerning the Low and Moderate Income Housing Due Diligence Review (DDR), and stated that the DOF is requesting that the Successor Agency remit \$8,719,322 to the County of Los Angeles trust fund for distribution to the taxing entities. Mr. Huntley informed the Oversight Board that the money will be remitted to the County of Los Angeles trust fund under protest.

Mr. Huntley further informed the Oversight Board that on December 17, 2012, the DOF provided correspondence indicating the adjusted payment for various cities including Montebello, where the proposed adjustment that will be forwarded to the Successor Agency in January 2013 is in the amount of \$3,304,303.

Mr. Huntley added that on December 18, 2013, the City Administrator received a letter concerning a number of items on the non-housing asset DDR. The Successor Agency Legal Counsel and the City Administrator have met with the DOF, but the DOF is not in agreement with the Successor Agency's Certificate of Participation. No additional information is available because Successor Agency staff has not had sufficient time to review the letter. Successor Agency Legal Counsel and the City Administrator will review and determine what further action is necessary to resolving the issues. Mr. Huntley noted that collaboration with the DOF has been difficult due to correspondence being received late. All issues are being resolved as quickly as possible, and as soon as the Successor Agency has reviewed and a decision made pertaining to legal action that information will be forwarded to the Oversight Board at the earliest opportunity.

Mark Huebsch, Oversight Board Legal Counsel, clarified that the most recent letter from the DOF was regarding the ROPS 3, not the non-housing fund DDR.

Christopher Cardinale, Successor Agency Legal Counsel, addressed the Oversight Board, and stated that the DOF has reversed its determination on Oversight Board legal fees, as well as, administrative expenses related to redevelopment assets.

Chair Bruckner inquired whether there was the possibility of continual dialogue with the DOF.

Mr. Cardinale replied that dialogue is possible, but this letter represents the DOF's final determination.

By Common Consent, there being no objection (Board Members Duarte and Gonzalez-Hayes being absent, and Community College Appointee being vacant), the Oversight Board accepted Mr. Huntley's and Mr. Cardinale's report.

Attachments: [Supporting Documentation](#)

V. DISCUSSION

- 2.** Discussion and review of the All Funds Due Diligence Review (DDR) report and adopt a resolution convening a public comment session, pursuant to Health and Safety Code 34179.6(b). (12-5507)

Michael Huntley, Director of Planning and Community Development, provided a staff report and reminded the Oversight Board that on December 11, 2012 a draft of the Due Diligence Review (DDR) was presented. The final version of the DDR is before the Oversight Board for discussion and open the public comment session with the goal of approving on Monday, January 7, 2013, the final DDR, and adoption of a resolution affirming the Oversight Board's final determination.

By Common Consent, there being no objection (Board Member Gonzalez-Hayes being absent and Community College appointee being absent), the Oversight Board opened the public comment session pertaining to the All Funds Due Diligence Review.

Anna Arriola, member of the public, addressed the Board and cited her concerns with Pages 2, 22, and 23 of the report. Mr. Huntley responded to Ms. Arriola's inquiries.

Chair Bruckner advised the Oversight Board to take the opportunity to ask questions to the Successor Agency pertaining to the All Funds DDR, as the final determination will be made on January 7, 2013.

Board Member Cisneros requested clarification on the money amount on Page 24 of the report regarding the Sevecherian/Ostrom Chevrolet. Mr. Huntley informed the Oversight Board that the money is from payments the Successor Agency has been receiving for that property and money was held because of current litigation.

Chair Bruckner indicated his concern regarding the transfers between the City and the Successor Agency. Christopher G. Cardinale, Successor Agency Legal Counsel, addressed the Oversight Board and indicated that there are several reasons as to why funds should not be available to taxing entities; (1) the transaction is outside the scope of the DDR, wherein the DDR is solely to identify non transfers from the Successor Agency to the City; (2) the term "transfer" specifically identifies "excluding funds transferred from invested purposes." The transaction was purchased as an investment by the Successor Agency; (3) the amounts identified, are no longer outstanding. Mr. Cardinale further commented, that if in the event the Oversight Board determines that these are unauthorized transfers and the City reimburses these amounts, the effective result in double payment to the Successor Agency, as the City's position is that these payments have already been paid.

Board Member Cisneros requested clarification on the discrepancy on the accounts receivables on Page 25, where notes receivable are \$3.9 million and on Page 10 \$9.9 million is reflected. Francesca Tucker-Schuyler, City Administrator/Director of Finance, clarified to the Oversight Board that the difference in the amounts reflects two different reporting periods, February 2012 and June 2012.

Board Member Cisneros also requested clarification on "Due from other Funds". Ms. Tucker-Schuyler explained to the Oversight Board that "Due from other Funds" can best be described as a one or two checking accounts where the City pays bills for all funds, which is equivalent of the cash concept for most cities, where different funds have to remit payments to the general funds for bills that have to be paid on behalf of that particular fund. There are various "Due to" and "Due from" accounting transactions from throughout the year for which is detailed information. Ms. Tucker-Schuyler will provide detail information to the Oversight Board on the more specifics of the term.

Chair Bruckner also requested the Successor Agency to provide the reimbursement agreement between the City and the Successor Agency and include detailed information on what was reimbursed.

On motion of Board Member Duarte, seconded by Board Member Plotkin, duly carried by the following vote, the Oversight Board set a Special Meeting for Monday, January 7, 2013 for final determination of the All Funds Due Diligence Review, and adoption of A Resolution of the City of Montebello Oversight Board Receiving the Due Diligence Review for All Funds and Accounts Other than the Low and Moderate Income Housing Fund, Convening a Public Comment Session Thereon, and Setting a Date for Vote Thereon, Pursuant to Section 34179.6 of the Health & Safety Code:

Ayes: 5 - Board Members Cisneros, Duarte, Plotkin,
Vice Chair Hidalgo and Chair Bruckner

Absent: 1 - Board Member Gonzalez-Hayes

Vacancies: 1 - Community College Appointee

Attachments: [Staff Report](#)
[All Fund Due Diligence Review](#)
[Resolution](#)

V. MISCELLANEOUS

3. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-5811)

There were none.

4. Public Comment. (12-5816)

There were none.

5. Adjournment. (12-5817)

The meeting adjourned at 9:51 a.m. The regular meeting of Wednesday, January 3, 2013 was cancelled. A Special Meeting is scheduled for Monday, January 7, 2013 at 8:15 a.m.